ABSTRACT

Based on the data from Bank Indonesia discovered that banking sector still dominated by financial industry. One of the trigger in past economic crisis is the undercommunication of corporate governance's implementation and bad risk management practices in bank. This study aims to find out the correlation of credit risk and corporate governance to profitability in bank measured by ROA, that known keep decreasing from 3.11 % in 2012 to 2,45 % in 2017.

The research was conducted at conventional bank listed on Bursa Efek Indonesia of period 2012 to 2017. The data collected using sampling method based on the specific criteria. The 181 observation's sample choosed by purposive sampling method. The data analysis technique used in this research is multiple regression analysis.

The results show that non performing loan have a negative impact on return on assets (ROA). Independency, board size and board meeting has no impact on ROA. While the risk committee size and risk committee meeting has impact effect on ROA. Company size as the control variable also have a positive impact on ROA.

Keywords: credit risk, corporate governance, profitability, bank